

COMMENTS

Genuine Use of Community Trade Mark: Where?

Charles Gielen

Partner of NautaDutilh, Amsterdam, and professor of IP law at the University of Groningen

☞ Benelux; Community trade marks; EU law; Genuine use

When the Community Trade Mark system entered into force, almost everyone supported the view that a CTM could be maintained by genuinely using it in one Member State only. This view (supported by a Statement entered into the minutes of the Council meeting who approved the CTM Regulation) can no longer be maintained as is outlined in this article.

Introduction

The decision of the Benelux Office in the *ONEL v OMEL*¹ case has given rise to a European-wide discussion on the question of where the owner of a Community trade mark ("CTM") must put his mark to genuine use in order to avoid the lapse of his rights. The discussion revolves around the interpretation of art.15(1) of Regulation 207/2009 on the Community trade mark (the "CTMR") [2009] OJ L78/1. Article 15(1) provides that if the proprietor of a CTM has not put his mark to genuine use in the Community within a period of five years following registration, the CTM will be subject to the sanctions provided for in the CTMR. On March 31, 2010, several

members of the European Parliament (among whom Klaus-Lehner, Chairman of the Legal Affairs Committee) posed questions to the Commission of which the tenor was to counter the interpretation advocated by some Member States that the use of a CTM within one Member State is sufficient to prevent it from lapsing. According to these members, this interpretation would impair the effective combating of trade mark piracy and hamper access to the Community trade mark system for SMEs. In the appeal proceedings pending against the *ONEL v OMEL* decision, Marques has filed an amicus curiae brief on this topic² and ECTA has also taken a position.³ These positions show that there are many different opinions on the answer to the abovementioned question. Hereunder I will present my own views on this issue.⁴

A bit of history

From the history leading to the CTMR it is apparent that the drafters struggled greatly with this issue. Of course, it should be realised that legislative history is of little or no relevance for the interpretation of the CTMR. In most cases the European Court interprets European legislation autonomously, using the recitals merely as a tool for this purpose. I will nevertheless pay some attention to the history of the CTMR, among other things, because many authors and also the Benelux Office have used that history when interpreting art.15(1).

In the Preliminary Draft of a Convention for a European Trade Mark (proposed by a Committee that worked on this Draft from 1961 through 1964 under the Presidency of the Chairman of the Dutch Patent Office, Dr De Haan) the requirement was "serious use" in at least three of the (then) six Member States.⁵ Because there was quite a difference of opinion on some of the issues, this draft was put aside. Nothing happened until the European Commission published the Memorandum on the creation of an EEC trade mark in 1976.⁶ In that Memorandum there was no requirement of use in a fixed number of Member States. The text called for "use in a substantial part of the common market" or "genuine use within the common market" but did not explain these alternative criteria further. The Memorandum "left it to the courts to determine in each case the extent or character of use for the maintenance of trade mark rights" and stated, further on:

"It should, however, suffice if the mark is used in the course of trade between Member States, though this need not to be an express condition."

¹ *ONEL v OMEL* Decision Benelux Office for the Protection of Intellectual Property, *Intellectuele Eigendom en Reclamerecht* 2010/29, p.229 with annotation Ch. Gielen; see also http://www.boip.int/pdf/opposition/BBIE_OMEL-ONELenglish.pdf (accessed November 2010).

² See http://www.marques.org/europeancommissionstudy/amicus_curiae_brief-onel.pdf (accessed November 2010).

³ See para.9 of the letter to the Commission: http://www.ecta.org/IMG/pdf/ECTA-MPI-Qs_draft_final_16Feb10.pdf (accessed November 2010).

⁴ The issue of genuine use will form part of the study on the overall functioning of the trade mark system in Europe; see for the tender request and further documents on this study: <http://www.marques.org/europeancommissionstudy> (accessed November 2010).

⁵ The text of the Preliminary Draft of a Convention for a European Trade Mark was published in the UK under ISBN 0115108807.

⁶ Memorandum on the creation of an EEC trade mark in 1976 SEC(76)2462, published as Supplement 8/76 to the *Bulletin of the European Communities*.

Subsequent working documents spoke first of “genuine use in the common market” and later of “serious use in the common market”.⁷ Finally, the draft Regulation of 1984 used the terminology “genuine use in the Community” and this has not been changed since.

I can report from my own experience that when the Community trade mark system was publicised in the early 1990s, both within as well as outside Europe, one of its major selling points was that use in one Member State of the European Union was sufficient. The proponents of this position strongly relied on the so-called joint statements that were included in the minutes of the Council meeting at which the CTMR was adopted⁸ and in particular the following joint statement:

“The Council and the Commission consider that use which is genuine within the meaning of Art. 15 in one country constitutes genuine use in the Community.” (Hereinafter: the “statement”).

This was written at the time when the European Union only had 10 Member States. Almost all literature from that period took as starting point that this was the rule.⁹ It would seem that this is still more or less accepted as a general principle. However, with the growth of the European Union other voices have also been heard.¹⁰

The relevance of the joint statements

The European Court of Justice has repeatedly decided that a joint statement has no binding force for the interpretation of the provision referred to in that statement. That is also the conclusion of the Benelux Office in the *ONEL v OMEL* decision in which reference is made to the relevant case law of the European Court.¹¹ It therefore seems clear that one cannot count on the European Court relying on the aforementioned statement for the interpretation of the CTMR. But how should he look at the geographical scope of the genuine use requirement? Let us first have a look at OHIM’s position and subsequently at the Benelux Office’s decision.

OHIM opinion

It is interesting to consider the opinion of OHIM as expressed on its website. It seems that the position is somewhat more nuanced than what is said in the

statement, although OHIM does refer to the statement; in the *Manual concerning Opposition* the following is said:

“Genuine use within the meaning of Article 15 CTMR may be found also when the criteria of that article have been complied with in only one part of the Community, such as in a single Member State or in a part thereof. In territorial terms, the appropriate approach is not that of political boundaries but of market(s). Above, any other rule would discriminate between small and big enterprises, and thus be contrary to the aim pursued by the CTM system which should be open to businesses of all kinds and sizes.¹²”

Although the *Manual* speaks of political boundaries not being the appropriate approach, the starting point still seems to be that use in one Member State is sufficient to maintain the rights to a CTM. Moreover, OHIM has referred to the statement in several of its decisions.¹³

ONEL v OMEL

In the *ONEL v OMEL* case, an application for a Benelux registration for the mark “OMEL” was opposed by the owner of an earlier CTM for the mark “ONEL”. From the facts of the case it is clear that the CTM-owner has used its mark in the Netherlands in a genuine way and has not used the mark in any other country. During the proceedings the CTM-owner stated that it serves a large number of clients varying in size and that it directs its services specifically at the Dutch SME-market via <http://www.onel.nl> (accessed November 2010). Furthermore, it is interesting to note that the applicant for the Benelux trade mark registration stated that it had no plans to use its mark in the Benelux territory but had applied for the registration in order to be able to file an international registration under the Madrid Protocol with a claim for protection in Norway and other Scandinavian countries, where it wanted to exploit its mark.

The Benelux Office rejected the CTM owner’s reliance on the statement, concluding that the statement is not in accordance with the recitals to the CTMR. Furthermore, the Office referred to the system of art.112 CTMR, which allows the conversion of a CTM that has been invalidated

⁷ See for further details: Andrew Parkes, Evolution of Key Points of Community Trade Mark Law, in *Estudios Sobre Propiedad Industrial e Intelectual en Homenaje a Alberto de Elzaburu Marquez*, p.509 et seq.

⁸ Joint statements by the Council and the Commission of the European Communities entered in the minutes of the Council meeting, at which the Regulation 207/2009 on the Community trade mark was adopted on December 20, 1993; see for the text the *ECTA Law Book LX* (2010) and <http://vlex.com/vid/statements-entered-minutes-meeting-was-455053> (accessed November 2010).

⁹ See, for example, David Tatham and William Richards, *ECTA Guide to E.U. Trade Mark Regulation*, para.21-02; Isabel Davies, *European Trade Mark Litigation Handbook*, para.2.16; Von Muehlendahl, Ohlgart, Von Bomhard, *Die Gemeinschaftsmarke*, para.8, no.48; Ruth Annand and Helen Norman, *Blackstone’s Guide to the Community Trade Mark*, p.139. In Cohen Jehoram and Van Nispen, Huydecoper, *Merkenrecht*, para.14.5.2.1 the different points of view are referred to, but no choice is made.

¹⁰ See Luis-Alfonso Duran, “Geographical scope of the use requirement for Community Trade Marks” in *Harmonisierung des Markenrechts, Festschrift für Alexander von Mühlendahl*, p.333 and João Pereira da Cruz, *Geographical Extent of Use as a Requisite in order to Prevent the Registration of a Community Trademark*, p.544 of the book mentioned in Andrew Parkes, Evolution of Key Points of Community Trade Mark Law, in *Estudios Sobre Propiedad Industrial e Intelectual en Homenaje a Alberto de Elzaburu Marquez*, p.509 et seq.

¹¹ *R. v Immigration Appeal Tribunal Ex p. Antonissen* (C-292/89) [1991] E.C.R. I-745; [1991] 2 C.M.L.R. 373; *Praktiker Bau- und Heimwerkermärkte AG v Deutsches Patent- und Markenamt* (C-418/02) [2006] Ch. 144; [2006] 2 W.L.R. 195, albeit that in the latter case the Court did not rule on the relevant statement concerning the protection of service marks but reached a decision opposite to the statement, namely: “that the activity of retail trading in goods is not as such a service for which a Community trade mark may be registered”.

¹² See the *Manual concerning Opposition*, http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partic_proof_of_use.pdf (accessed November 2010), Pt 6, p.13.

¹³ See, for example, PROTEOPREP (2685C) Unreported February 8, 2010 Cancellation Division OHIM.

because of non-use into a national trade mark in a country where, according to the laws of that country, the use of the mark is regarded as genuine use. This provision would not make sense if genuine use in one country were by definition enough to constitute genuine use in the European Union since, if that were the case, there would be no need for invalidation and therefore also no need for conversion. Finally, the Office took the position that a monopoly which stretches much further than the territory where the trade mark is being used is an impediment for other companies in the whole territory of the Internal Market. For all of the foregoing reasons, the Office rejected the view that use in one EU Member State is by definition enough to constitute genuine use for the purpose of maintaining a CTM. In an annotation to this decision I endorsed this view.¹⁴ My colleague, Willem Hoyng, however argues that both the Office and the undersigned are mistaken.¹⁵ As I will explain below, I disagree.

What can be concluded from case law?

The issue of the territorial scope of the genuine use requirement has not been explicitly dealt with by the European Court so far. In its famous decision on genuine use in the *Ansul v Ajax* case, the Court does not refer to the territorial scope of such use.¹⁶ However, I consider the following reasoning of the Court of relevance for our problem:

“The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings.”

And, further on: In other words, the Court does not accept that a mark continues to be protected and enforceable if the mark loses its commercial *raison d'être*. Given that the ONEL mark is directed at, and therefore derives its commercial *raison d'être* from, Dutch SMEs, it must be concluded that—applying the Court's reasoning—it is unacceptable that the mark could continue to be invoked against third parties even far from the Netherlands or the Benelux in a territory where it has no commercial *raison d'être*. In my opinion, Hoyng goes off the track where he argues that, based upon the decision in the *ONEL* case, the owner of the ONEL CTM apparently should have filed for a Benelux registration and suffered the risk that if it wanted to expand its activities after a few years, it

would be confronted with registrations of third parties outside of the Benelux who could oppose it. Hoyng forgets that the application for the ONEL CTM was filed in 2002 and that the owner subsequently used the CTM only in the Netherlands without wanting anything more. Of course, I am not saying that the owner of the ONEL mark should under no circumstances have gotten a CTM. Clearly, it could have filed for the CTM and on that basis used the five-year window of opportunity to expand its activities to countries other than the Netherlands. That is the beauty of the five-year period which a company that wishes to expand its activities outside its original territory gets to do so. However, if it does not do so, that is its own choice. As I said: except for the abovementioned reference to the commercial *raison d'être* of a trade mark and the need for the commercial exploitation to be real, the Court does not say anything about the territory in which the mark must be used.

Morcom refers to the Court's preliminary ruling in *La Mer*, in which it held that even a use which is not quantitatively significant can be sufficient.¹⁷ That case concerned the genuine use of a national trade mark. Because under the CTMR genuine use must take place “in the Community”, this decision does not seem to support the view that use within one Member State is insufficient. After all, the CTMR does not impose any quantitative requirements and the text speaks only of genuine use in the Community. I will come back to this argument hereunder.

If we look to case law from other courts, the decision in the *Kabushiki Kaisha Fernandes* case of the General Court is of relevance. The Court said:

“Genuine use means that the mark must be present in a substantial part of the territory where it is protected, *inter alia*, exercising its essential function, which is to identify the commercial origin of the goods or services.”¹⁸

This decision seems to reject the opinion that use in one Member State is sufficient. In the *VITAFRUIT*-matter the Court of Justice said,

“the territorial scope of the use is only one of several factors to be taken into account in the determination of whether it is genuine or not,”

a decision that does not tell us more on the geographical scope (it concerned an earlier right in Spain, so no CTM) but makes it part of the global assessment of such use which in my opinion is correct.¹⁹ In another decision the issue of the territorial scope was not raised although it concerned genuine use of a CTM that apparently had only been used in the UK.²⁰ Hoyng refers to a decision of the

¹⁴ See fn. 1. In the meantime the Hungarian Patent Office has supported the decision of the Benelux Office; see B. Halász, *Requirement of Genuine Use of a Community Trade Mark* (World Intellectual Property Report, 08/10), p.11.

¹⁵ W. Hoyng, *Preach for your own parish*, available at <http://www.boek9.nl>, B9 8813 (accessed November 2010).

¹⁶ *Ansul BV v Ajax Brandbeveiliging BV* (C-40/01) [2005] Ch. 97; [2004] 3 W.L.R. 1048 ECJ, *Intellectuele Eigendom en Reclamerecht*, 2003/31.

¹⁷ *La Mer Technology Inc v Laboratoires Goemar SA* (C-259/02) [2004] E.C.R. I-1159; see C. Morcom, “Genuine Use in the Community”—What Does the CTMR Require (2010) EIPR 359.

¹⁸ *Kabushiki Kaisha Fernandes v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM)(T-39/01) [2002] E.C.R. II-5233 General Court.

¹⁹ *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-416/04) [2006] E.C.R. I-4237 ECJ.

²⁰ *Engelhorn KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (T-30/09) Unreported July 8, 2010 General Court.

Court of Appeal of Paris from 2008.²¹ In that case the lapse of rights under a CTM was invoked and documents were shown evidencing use of the CTM in Greece. The Court of Appeal said that these documents showed a genuine use by the owner in one Member State of the Community, leading to the conclusion that there had been no lapse of rights. Reading the decision, there does not seem to have been any debate at all on the question that concerns us in this article and it therefore seems that the decision is not much more than a confirmation of what is already said in the aforementioned statement.

The methodology of the CTM and the rationale for genuine use

In order to define the territorial scope of the genuine use of a CTM we will have to look to the methodology of the CTMR. It is interesting to see that both the Benelux Office in the *ONEL v OMEL* decision²² and Hoyng in his arguments against this decision rely on the recitals to the CTMR.²³ My approach is as follows. The legislator chose to let Community trade mark law co-exist with national trade mark law. Based on recital 6 to the CTMR, it would not seem justified to require undertakings to apply for registration of their trade mark as CTMs: "national trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level". Furthermore, recital 2 makes it clear that by creating the CTM-system the legislator intended to facilitate undertakings which wish to operate on the level of the common market. The relevant part of recital 2 states that it is desirable to complete an internal market which offers conditions which are similar to those obtained in a national market and that therefore legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community. Recital 4 goes on to say that in order to open up unrestricted economic activity in the whole of the internal market trade marks should be created which are governed by uniform community law directly applicable in all Member States. This cannot be achieved by the approximation of national laws. In my opinion, these recitals make it crystal clear that the CTM-system was created for undertakings which wish to operate on a Community level above the level of national markets and not be hindered by country borders. For undertakings which only wish to operate in one or more of the national markets, the national trade mark systems continue to exist. The main advantage given by the system of the CTM to undertakings operating on a Community level is the possession of one right that is unitary in the whole of the European Union and can be enforced throughout the territory of the European Union.

This clear background of the system has consequences for the maintenance of CTMs. There are two issues involved. First of all there is the text of the CTMR, providing in art.15 that the mark must be put to genuine use in the Community. Considering these words in combination with the background of the system of co-existence of CTMs and national marks, the conclusion can only be that the point of view that genuine use in one Member State is sufficient is incorrect. There must be use on the level of the Community and the use must therefore in principle be in more than one Member State. Does this mean that a German undertaking which owns a CTM registration and has only advertised its new product in Germany but intends to enter the common market is left with empty hands? After all, it must start somewhere. Indeed, but it should not be forgotten that the undertaking has at least five years to enter that market.²⁴ If its attempt fails and its activities remain restricted to the German territory even after five years, it can (provided someone invokes the lapse of its CTM rights) convert its CTM into a national German trade mark on the basis of art.112(1)–(2).

The second point relates to the rationale for genuine use (the genuine use requirement). Recital 9 to the Directive 2009/95²⁵ is very clear about this rationale:

"In order to reduce the total number of trade marks registered and protected in the Community and, consequently the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation."

The CTMR does not explicitly mention this rationale but it is crystal clear that because both the Directive and the Regulation concern the same legal notion (of "genuine use"), the same rationale is valid for the CTM. I therefore do not understand why Hoyng considers it incorrect for the Benelux Office to refer in its decision to the recitals to the Directive. He even considers it to be a sofism. The rationale for genuine use as outlined in the Directive, according to him, is only valid for national marks. I think he forgot that the European Court of Justice explicitly decided that both the Directive and the CTMR concern the same legal notion of "genuine use".²⁶

In recital 10 to the CTMR the rationale for genuine use is formulated as follows:

"There is no justification for protecting Community Trade Marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used."

²¹ See <http://oami.europa.eu/ows/rw/resource/documents/CTM/case-law/bebe.pdf>.

²² See *ONEL v OMEL* Decision Benelux Office for the Protection of Intellectual Property, *Intellectuele Eigendom en Reclamerecht* 2010/29, p.229.

²³ See W. Hoyng, *Preach for your own parish*, available at: <http://www.boek9.nl>, B9 8813, pp.3 and 4 (accessed November 2010).

²⁴ In practice an undertaking will have more time than five years, since there also lies some time between the date of application and that of registration (the latter being the date on which the five-year period starts to run).

²⁵ Directive 2008/95 to approximate the laws of the Member States relating to trade marks [2008] OJ 299/25.

²⁶ See *Ansul v Ajax* [2005] Ch. 97; [2004] 3 W.L.R. 1048 ECJ at [30].

What follows from the methodology of the CTM and the rationale for genuine use?

If we consider both the methodology of the CTM and the rationale for genuine use, we see the following. The legislator created the CTM for undertakings which want to operate on the level of the Community market above national markets. For that purpose the right created is a unitary right that can be enforced in the whole of the European Union. It is apparent from the rationale for the genuine use requirement that the protection of such right is only justified if the CTM is put to genuine use. In addition, the total number of trade marks not used on the common market, as well as the number of possible trade mark conflicts, should be reduced. As far as I am concerned it follows from these two factors—the methodology of the CTM and the rationale for the genuine use requirement—that undertakings which want to operate on the level of a national market should not benefit from the advantages of the wide protection of a Community right. Otherwise, the number of unnecessary conflicts would increase and this is not what the legislator had in mind. Above that, practice teaches that these days it is extremely difficult for undertakings to get clearance for newly chosen marks in view of the enormous number of registered trade marks of which many have never been used. In addition, the Benelux Office rightly points out that the European Union has grown to 27 Member States and therefore takes up a substantially bigger territory than that of the 10 Member States existing when the CTMR was adopted.

What is Hoyng's argumentation against this? Invoking recital 2 to the CTMR he says that:

"[I]t is completely clear that if the objective of the Regulation is that the internal market starts functioning as a national market that it is of utmost importance to promote Community trade marks and to prevent the occurrence of more national trade marks. After all, the latter creates additional barriers to free movements.²⁷"

At another place in his article, Hoyng says that the legislator's aim was to create one unified market (he refers to "the functioning as one country").²⁸ He recognises that the legislator does not oblige undertakings to file for CTMs, but argues that if an undertaking nevertheless does so, it is punished by the loss of its right if the CTM is used in only one Member State. Such an undertaking, according to Hoyng, promotes the desired unity of the market by choosing a CTM.

In arguing in this way Hoyng, in my opinion, fails to understand the methodology of the CTMR, viewed in combination with the rationale of genuine use. Nowhere in the CTMR does it state that the aim is to give priority to the Community market and to avoid national trade

marks on national markets. On the contrary, the CTMR explicitly states that the system of the Community trade mark was created to co-exist with the system for national marks which, according to recital 6, remain necessary for undertakings which do not wish to have protection on Community level. If the legislator had believed that national trade marks are a hindrance to the free movement of goods, it would not have expressed itself as it did in recital 6. In my opinion it is not correct to say that national trade marks are a hindrance. ONEL desired Community-wide protection and obtained an exclusive position for the whole of the European Union for five years after registration, but choose to only be active on the Dutch market. During that five-year period it could prevent anyone else in the European Union from using a similar mark. As from the moment it is established that the mark ONEL has not been genuinely used within the Community, the owner of that mark can convert it into a Benelux trade mark and can only oppose the use by third parties of that mark or a similar sign on the Benelux territory. The consequence of this, of course, is that undertakings which want to use similar marks in the remainder in the European Union get the opportunity to do so.

Hoyng reproaches the Benelux Office for not having referred to recital 4 to the CTMR, which I discussed above. Hoyng argues that it follows from recital 4 that the legislator aimed at creating one market without the hindrance of national trade mark rights. However, the purpose of recital 4 is totally different. Recital 4 must be read in combination with the preceding recital 3, in which the legislator says that there should be a community trade mark system. Recital 4 indicates that this cannot be achieved through the approximation of national laws because of the territoriality of national trade mark rights and that therefore, in order to open up unrestricted economic activity in the whole of the internal market, trade marks should be created which are governed by a uniform Community law directly applicable in all Member States. There is no mention whatsoever of reducing the number of national marks: the recital only says how a system for undertakings, operating on a Community level, should be established, i.e. not via the approximation of national laws but through one Community legal system. Hoyng also argues that it is of the utmost importance to Europe that the fewest possible national trade mark rights be added. This, in my opinion, is without reason and has never been expressed by the legislator. Personally, I think that, in particular because of the current size of the European Union, it is extremely important for a large number of undertakings to be able to acquire a national mark on the undertaking's own national market without running the risk of OHIM concluding that the mark should be refused registration because it is not distinctive in a Member State far from the undertaking's own national

²⁷ Hoyng refers to recital 2 wherein it is proposed that the same conditions must be created for an internal market as for a national market and that there should be a unitary character which implies that the barriers to free movement must be removed, thus ensuring that competition is not distorted: Hoyng, *Preach for your own parish*, available at <http://www.boek9.nl>, B9 8813, pp.3 and 4 (accessed November 2010).

²⁸ Hoyng, *Preach for your own parish*, available at <http://www.boek9.nl>, B9 8813, p.5 (accessed November 2010).

market or, because a national application is invoked by an undertaking operating on a market totally different from its own. Furthermore, I repeat that the rationale for genuine use is to reduce the number of unused marks appearing in the Register and also to decrease the number of conflicts. This is achieved by, among other things, granting protection for locally-used trade marks only on a local level.

The conversion argument

I will now make a sidestep for an argument, based on art.112(2) CTMR, and used in favour of the position that genuine use in one Member State is not by definition sufficient. The Benelux Office, among others, uses this argument. How does it work? Article 112(2) provides that conversion will not take place where the rights of the proprietor of the CTM have been revoked on the ground of non-use, unless in the Member State for which conversion is requested, the CTM has been put to use which would be considered to be genuine use under the laws of that Member State. According to the above argument, this provision would be superfluous if the use of a trade mark in one Member State were by definition sufficient. Indeed: this is an attractive argument but I agree with Hoyng and Morcom that it is not very strong. As Hoyng rightly indicates,²⁹ it is quite possible that the use of a CTM is considered as genuine use under the CTMR but not under national law. A trade mark that, for example, is used in three German states can probably not be maintained as a CTM but can be maintained as a national mark.

The relevance of the PAGO decision

In connection with the territorial scope of the genuine use requirement, reference is often made to the *PAGO* decision of the European Court of Justice.³⁰ This case concerns the territorial scope of a "reputation in the Community" under art.9(1)(c) CTMR. As I have indicated in the past, the question in this case cannot be analogised to the question of where a CTM must be used from a territorial point of view in order to be maintained.³¹ According to Hoyng, the Court in *PAGO* held that a reputation in Austria is sufficient to conclude that the mark is reputed in the Community. He concludes:

"It is then completely in line with this to assume that genuine use in a Member State is sufficient to assume genuine use within the EU."³²

This conclusion is incorrect. First of all, Hoyng interprets the Court's decision too loosely. The Court clearly decided that it must be determined whether the Community trade mark is known by a significant part of the public concerned by the goods which that trade mark covers and, territorially:

"[T]he condition as to reputation must be considered to be fulfilled when the Community Trade Mark has a reputation in a substantial part of the territory of the Community."

This is the basic rule. The Court continues and concludes that, in view of the facts of the main proceedings (the trade mark *PAGO* is only used and reputed in Austria and infringing use only takes place in Austria), Austria can be considered as a significant part. The subsequent question is whether the national court can only issue an injunction that is valid for the territory of Austria or whether it can issue a European-wide injunction. Reputation indeed is only one of the criteria in art.9(1)(c) because *PAGO* will, in addition to reputation, also have to prove that in the remainder of the European Union, where the mark has no reputation, unfair advantage is taken of, or detriment is caused to the distinctiveness or repute of the mark. The Austrian court did put a question to the ECJ about this, but this question did not need to be answered in view of the answer to the first question and the facts of the case. I take it that the court, in view of the fact that the infringing sign was only used in Austria, would find it logical that an injunction be limited to the territory of that country. I do not consider it to follow from this case that the court, dealing with the issue of the territorial scope of genuine use, would conclude that use in one Member State is sufficient. The consequence of such a decision would be that a trade mark that only operates on a local level can be enforced Europe-wide. If any parallel can be drawn between both issues, it would, in my opinion, be more logical for the Court to conclude that use has to take place in a substantial part of the European Union. However, in my opinion, the *PAGO* decision is not very helpful and I fully subscribe to what A.G. Sharpston said on this subject in her opinion in this case, namely that the two provisions (protection of reputed marks and genuine use) have a totally different object.³³

What is the solution?

From the above it will be clear that I reject the principle that normal use in one Member State of the European Union is by definition sufficient and I therefore subscribe to the decision of the Benelux Office in that respect. I rely in this context on the methodology of the legislation

²⁹ Hoyng, *Preach for your own parish*, available at <http://www.boek9.nl>, B9 8813, p.6 (accessed November 2010).

³⁰ *PAGO International GmbH v Tirolmilch Registrierte Genossenschaft mbH* (C-301/07) [2009] E.C.R. I-9429; *Intellectuele Eigendom en Reclamerecht* 2009/86 at 349.

³¹ See also, C. Morcom, "Genuine Use in the Community", 2010 EIPR 359.

³² W. Hoyng, *Preach for your own parish*, available at <http://www.boek9.nl>, B9 8813, p.8 (accessed November 2010).

³³ See also paras 36–38 of the opinion of A.G. Sharpston in the *PAGO* [2009] E.C.R. I-9429 case. *PAGO* had mentioned that for genuine use, use in one country is sufficient. However A.G. Sharpston says: "Article 50 deals with grounds for revocation of a trade mark that has hitherto enjoyed protection. Article 9 establishes what rights are conferred by a Community trade mark, under what conditions. The subject matter of the two provisions is quite different; and I do not accept that a (tenuous) argument based on Article 50(1)(a) assists in determining the correct interpretation of Article 9(1)(c)."

and the rationale for genuine use. Use must take place in the Community on a level above national markets.³⁴ In line with the decisions of the European Court in *Ansul v Ajax* and *La Mer v Goemar*, such use need not be significant in terms of quantity as long as it takes place in a significant part of the European market. That means that I also reject solutions that suggest use in, for example, at least three³⁵ or four³⁶ Member States. I am also not in favour of the solution proposed by Duran,³⁷ namely that genuine use of a Community trade mark must take place in all EU Member States. Such solutions do not give national courts or national offices sufficient elbow room to take into account the particulars of the case. However, it seems clear to me that the use in question must take place on the level of the Community market and not of one Member State. I am very curious about what the European Court of Justice will decide if the genuine use question is referred to it by the Court of Appeal in The Hague, before which the *ONEL v OMEL* case is now pending.

exclusively adhere to market shares of the trade mark (and/or other elements) in the various markets within the Community?

Postscriptum

After finishing this article the Court of Appeal on November 30, 2010 decided to propose the following prejudicial questions to the ECJ. The parties can still comment to the proposed questions:

1. Should art.15(1)(EC) Council Regulation no.207/2009 on the Community trade mark be interpreted in the sense that for genuine use of a trade mark its use within the borders of one Member State suffices, provided, if it was a national trade mark, such use is considered genuine use in such Member State (see Joint Statement no.10 with art.15(EC) Council Regulation no.40/49 and the Opposition Guidelines of the OHIM)?
2. If the answer to question 1 is in the negative, can use of a trade mark within one Member State never be considered genuine use within the Community as referred to in art.15(1)(EC) Regulation no.207/2009? If this is the case, what conditions—next to the other elements—must then be made upon examining genuine use within the Community to the territorial scope of use of a trade mark?
3. If the answer to question 1 is in the negative, should one disregard the borders of the territory of the individual Member States when examining genuine use and

³⁴ See also Bereskin, Alexander and Jacobson, "Bona Fide Intent to Use in the United States and Canada" (2010) 100 TMR 727.

³⁵ As proposed in the Preliminary Draft; see <http://www.marques.org/europeancommissionstudy> (accessed November 2010).

³⁶ As proposed by Peireira da Cruz, in Andrew Parkes, Evolution of Key Points of Community Trade Mark Law, in *Estudios Sobre Propriedad Industrial e Intelectual em Homenaje a Alberto de Elzaburu Marquez*, p.509 et seq.

³⁷ Duran, "Geographical scope of the use requirement for Community Trade Marks" in *Harmonisierung des Markenrechts, Festschrift für Alexander von Mühlendahl*, p.333.